

SECURITY INFORMATION

d. Nationalist China:

(1) Para 3, sentences 1 & 3. It is suggested that these sentences be rewritten as follows:

"Since November the Nationalists have returned to the 'back to the mainland' theme based upon U.S. 'guarantees' and 'support'. ....The Chinese Nationalists appear to be inclining towards a desire to build up a force on Taiwan and not expend it elsewhere except in operations of their own choosing (for which they would like a release of present U.S. neutralization policy against the mainland while retaining guarantees for U.S. defense of Taiwan)".

their present forces arising from age and the difficulties of introducing more than a limited proportion of native Taiwanese into the forces. Chinese Nationalist official willingness to send troops to Korea has declined, with the argument -- which may be largely for bargaining purposes -- that the troops are needed for defense of Taiwan in the absence of substantial additional US aid, especially jet planes. The Chinese Nationalists appear to be inclining toward a desire to build up a force on Taiwan and not expend it elsewhere except in limited operations of their own choosing (for which they would like a release of present US inhibitions). Desire to "blood" their troops and build up a greater fighting edge is a minor factor; in any event present offshore operations probably will continue to provide enough experience to maintain the fighting edge of the first-line troops at current levels.

4. Chinese Nationalist reluctance to commit forces in Korea is likely to increase if the Korean War continues on the present basis. The Chinese Nationalists would welcome an expanded Korean War, at least provided it led to no relaxations of US measures to defend Taiwan, and would wish their forces to be in a position to act at a time when they could receive full credit for participation. The unwillingness to commit troops in the present situation is not a question of the numbers requested, and applies to a token force as much as to a larger force.

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4. Chinese Nationalist reluctance to commit forces in Korea is likely to increase if the Korean War continues on the present basis. The Chinese Nationalists <sup>might</sup> would welcome an expanded Korean War, [at least] provided it <sup>occurred in such a way as would not immediately</sup> led to no relaxations of US measures to defend Taiwan, and would enable the Nats. to use their forces in a militarily and politically advantageous manner. to act at a time when they could receive full credit for participation. The unwillingness to commit troops in the present situation is not a question of the numbers requested, and applies to a token force as much as to a larger force.

4. Consistently with their position on Korea, the Chinese Nationalist government is even more firmly opposed to any use of its forces directly in Southeast Asia, taking the position that their forces can best help in this area by direct attack on the mainland.

5. Although only limited numbers of native Taiwanese have been recruited into the Chinese Nationalist forces, their loyalty to Chiang, and anti-Communist reliability are improving and will probably continue to improve assuming that economic conditions on the island continue generally satisfactory. The Taiwanese might also become increasingly willing to engage in offensive operations, and if they once started on such operations would be unlikely to defect.

6. On trade with the Soviet Bloc, the Chinese Nationalists would almost certainly continue their present stringent controls, and would be prepared to further restrict what little trade remains, if requested by the US.

7. Internally the Chinese Nationalists will certainly continue to act with great vigilance against Communist or alleged Communist activities.

\* This paragraph was not covered in the oral presentation. It is inserted for comment in the belief that the position of the Taiwanese should be covered at least generally, though perhaps not as concretely as here. For a recent statement of Taiwanese attitudes, see Robert Sherrod in the Saturday Evening Post of about 10 January. (We have often used worse sources.)

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on the island continue generally satisfactory. The attitude of the Taiwanese toward any Nationalist decision to employ substantial numbers of ~~might also become increasingly willing to engage in offensive~~ Taiwanese in operations outside Formosa would be highly doubtful. ~~operations, and if they once started on such operations would be unlikely to defect.~~

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8. In broad matters of foreign policy, the Chinese Nationalists will continue to oppose alleged US concentration on Europe at the expense of Asia. They would be receptive to proposals for an Asiatic NATO, perhaps through an expansion of ANZUS, provided that the US assumed a leading role in any grouping.

9. The Chinese Nationalists would certainly not themselves negotiate with Peiping, and would oppose any large-scale negotiations by the US looking toward a Far Eastern settlement of any scope. Similarly they would oppose any UN settlement of Korea that involved anything they considered to be a compromise, and might work against any efforts in the UN in this direction, though probably not to the extent of vetoing independently any Security Council action.

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South Korea

*4 June*

1. South Korea will unquestionably remain strongly pro-Western, and will <sup>probably make the</sup> ~~make a~~ maximum war effort <sup>possible, + will</sup> and cooperate fully with the US/UN forces. There have been recent indications that popular sentiment for complete unification of Korea as a requisite for an armistice has declined, and it is possible that if the stalemate continues the South Korean population will become prepared to acquiesce without great protest in terms that did include some division of the country. The Rhee government, however, is likely to remain adamant for unification of Korea.

2. As Japan's position improves, it is likely that the South Korean government will be forced to modify its position toward Japan and seek to improve relations.

3. Add - <sup>serious</sup> ~~on~~ dangers inherent in econ. situation in ROK, + possibility of declining moral morale if war drags on.

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